

# Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)

Annual report and Financial statements

For the year ended 31 March 2020

Registered Number: OC417276



## **Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

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## **Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

Members and professional advisors

### **Members**

Vistry Linden Limited

Citizen New Homes Limited

### **Registered Office**

11 Tower view

Kings Hill

West Malling

Kent

England

ME19 4UY

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

The Atrium

1 Harefield Road

Uxbridge

Middlesex

UB8 1EX

### **Bankers**

Barclays Bank plc

15 Colmore Row

Birmingham

B3 2BH

### **Solicitors**

DAC Beachcroft LLP

The Walbrook Building

25 Walbrook

London

EC4N 8AF

## **Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

### **Strategic report for the year ended 31 March 2020**

The members present their strategic report for Lea Castle JV LLP (Formerly New Lane, Blidworth LLP) ("the LLP"), for the year ended 31 March 2020.

#### **Review of business**

The LLP's principal activity is the building and selling of residential houses and apartments in Lea Castle. The Lea Castle site was acquired in December 2019 and development is expected to commence in September 2020.

On 19 August 2019, the LLP changed its name from New Lane, Blidworth LLP to Lea Castle JV LLP.

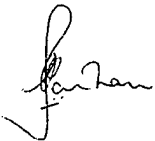
#### **Principal risks, uncertainties and key performance indicators**

The business and the execution of the LLP's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the LLP are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The members monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **General**

The LLP's loss for the financial year was £21,000 (2019: £nil), which has been deducted from reserves. The total members interest as at 31 March 2020 was a deficit of £21,000 (2019: £nil).

For and on behalf of all the members



MR Farnham  
Director of Vistry Linden Limited  
23/09/20

## **Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

### **Members' report for the year ended 31 March 2020**

The members present their report and audited financial statements of Lea Castle JV LLP ("the LLP"), registered number OC417276 for the year ended 31 March 2020.

#### **Future developments**

The LLP plans to complete the development of its site as set out in the strategic report. Unless any further sites are acquired, the LLP will then cease to trade.

#### **Brexit**

With the possibility of the UK leaving without a trade deal, we foresee that the biggest impact will be the effect on our market of a potential decline in consumer confidence and economic activity in general. We believe our business planning is as prepared as possible for this uncertainty. We have also considered the effects on our supply chain and engaged with our suppliers. We continue to keep this complex matter under review.

#### **COVID-19**

The coronavirus (COVID-19) pandemic has had a significant impact on the LLP in 2020. In March 2020, following the announcement of the nationwide lockdown, the LLP commenced the closure of developments and commenced reopening towards the end of April 2020 in accordance with strict guidance and protocol from the Government, Public Health England and the HSE.

The LLP continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

Notwithstanding the strength of the Members' liquidity, the LLP Board is taking prudent decisions to best support the business through this period of uncertainty, including measures to protect the LLP's cash position, liquidity and maintain a robust balance sheet.

The UK Government has shown commitment to support the housebuilding industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

#### **Dividends**

The members do not recommend the payment of a dividend (2019: £Nil).

#### **Financial risk management**

The LLP's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The potential impact of these financial risks is monitored by members during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Reviews of the debtors ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the LLP's liquidity position.

The rates of interest earned or paid on the cash balances and loans and overdrafts are monitored on an ongoing basis with regular reviews of the banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities, in conjunction with projections of future cash requirements.

#### **Members**

The present members of the LLP are set out on page 1. Vistry Linden served throughout the period from incorporation and up to the date of signing the financial statements. Citizen New Homes Limited were appointed with effect from 31<sup>st</sup> January 2020.

**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**  
**Members' report for the year ended 31 March 2020 (Continued)**

**Going concern**

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the LLP will be able to meet its liabilities as they fall due.

The LLP believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the members.

**Statement of members' responsibilities in respect of the financial statements**

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year.

Under that law the members have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, as applied to limited liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statement;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

**Disclosure of information to auditors**

In the case of each members in office at the date the Members' Report is approved:

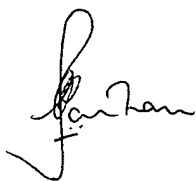
- so far as they are aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- the members have taken all the steps that they ought to have been taken as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

**Members' report for the year ended 31 March 2020 (Continued)**

The members' report was approved by the board of members on 23/09/20 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Farnham', with a stylized flourish at the end.

MR Farnham  
Director of Vistry Linden Limited

# ***Independent auditors' report to the members of Lea Castle JV LLP (formerly New Lane, Blidworth LLP)***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Lea Castle JV LLP (formerly New Lane, Blidworth LLP)'s financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual report and Financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.



## ***Independent auditors' report to the members of Lea Castle JV LLP (formerly New Lane, Blidworth LLP) (continued)***

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the members for the financial statements*

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 4, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

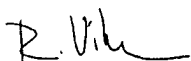
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Other matter**

The financial statements for the period ended 31 March 2019, forming the corresponding figures of the financial statements for the year ended 31 March 2020, are unaudited.



Radek Vik (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
23 September 2020

**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)****Income statement for the year ended 31 March 2020**

|  |             | 2020         | Period from 1<br>July 2018 to 31<br>March 2019 |
|--|-------------|--------------|--|
|  | <b>Note</b> | <b>£'000</b> | <b>£'000</b>                                   |
| Revenue  |             | –            | –  |
| Cost of sales  |             | –            | –  |
| Gross result   |             | –            | –  |
| Administrative expenses  |             | (7)          | –  |
| Operating (loss)/result  | 4           | (7)          | –  |
| Finance costs  | 3           | (14)         | –  |
| Loss for the financial year before members' remuneration and profit shares<br>available for discretionary division among members |             | (21)         | –  |

There are no recognised gains and losses other than those shown in the income statement above.

There is no material difference between the results shown in the income statement above and their historical cost equivalents for the financial year stated above.

All results are derived from continuing operations.

**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)****Statement of comprehensive income for the year ended 31 March 2020**

|  | 2020  | Period from 1<br>July 2018 to 31<br>March 2019 |
|--|-------|--|
|  | £'000 | £'000  |
| Loss for the financial year              | (21)  | -  |
| Other comprehensive income               | -     | -  |
| Total comprehensive expense for the year | (21)  | -  |

There is no other comprehensive income in the year. Total comprehensive expense therefore equals the loss for the year.

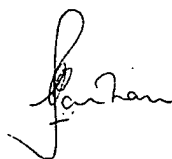
**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

Balance Sheet as at 31 March 2020

|  | Note | 2020<br>£'000  | 2019<br>£'000 |
|--|------|----------------|---------------|
| <b>Assets</b>                                  |      |                |               |
| <b>Current assets</b>                          |      |                |               |
| Developments                                   | 6    | 2,052          | -             |
| Trade and other debtors                        | 7    | 51             | -             |
| <b>Total current assets</b>                    |      | <b>2,103</b>   | -             |
| <b>Total assets</b>                            |      | <b>2,103</b>   | -             |
| <b>Liabilities</b>                             |      |                |               |
| <b>Current Liabilities</b>                     |      |                |               |
| Trade and other payables                       | 8    | (7)            | -             |
| <b>Total current liabilities</b>               |      | <b>(7)</b>     | -             |
| <b>Net current assets</b>                      |      | <b>2,096</b>   | -             |
| <b>Non-current liabilities</b>                 |      |                |               |
| Trade and other payables                       | 10   | (2,117)        | -             |
| <b>Total non-current liabilities</b>           |      | <b>(2,117)</b> | -             |
| <b>Total liabilities</b>                       |      | <b>(2,124)</b> | -             |
| <b>Net liabilities attributable to members</b> |      | <b>(21)</b>    | -             |
| <b>Equity</b>                                  |      |                |               |
| Members' capital                               | 11   | -              | -             |
| Accumulated losses                             |      | (21)           | -             |
| <b>Total equity</b>                            |      | <b>(21)</b>    | -             |
| <b>Total members' interests</b>                |      |                |               |
| Amounts due from members                       |      | -              | -             |
| Loans and other debts due to members           | 12   | (2,103)        | -             |
|  |      | <b>(2,103)</b> | -             |

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements on pages 8 to 19 were approved by the members on 23/09/20 and signed on its behalf by MR Farnham, a director of Vistry Linden Limited:



MR Farnham  
Director  
LLP registered number: OC417276

**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

Statement of changes in equity for the year ended 31 March 2020

|  | Members'<br>capital<br>£'000 | Accumulated<br>losses<br>£'000 | Total equity<br>£'000 |
|--|------------------------------|--------------------------------|-----------------------|
| As at 1 July 2018                                  | -                            | -                              | -                     |
| Total comprehensive result and result for the year | -                            | -                              | -                     |
| As at 31 March 2019                                | -                            | -                              | -                     |
| Total comprehensive expense and loss for the year  | -                            | (21)                           | (21)                  |
| <b>At 31 March 2020</b>                            | <b>-</b>                     | <b>(21)</b>                    | <b>(21)</b>           |

**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

Statement of cash flows for the year ended 31 March 2020

|  |      | 2020    | Period from 1<br>July 2018 to 31<br>March 2019 |
|--|------|---------|--|
|  | Note | £'000   | £'000  |
| <b>Cash flows from operating activities continuing operations</b>                      |      |         |  |
| <b>Operating loss</b>  |      | (7)     | –  |
| <b>Net cash generated from/ (used in) operations before changes in working capital</b> |      | (7)     | –  |
| Increase in developments   | 6    | (2,052) | –  |
| Increase in trade and other receivables  | 7    | (51)    | –  |
| Increase in trade and other payables   | 8    | 7       | –  |
| <b>Net cash used in operations</b>   |      | (2,103) | –  |
| <b>Net cash used in operating activities</b>   |      | (2,103) | –  |
| <b>Cash flows from financing activities</b>  |      |         |  |
| Increase in borrowings   | 10   | 2,103   | –  |
| <b>Net cash generated from financing activities</b>                                    |      | 2,103   | –  |
| <b>Net increase in cash and cash equivalents</b>                                       |      | –       | –  |
| Cash and cash equivalents at the beginning of the year                                 |      | –       | –  |
| <b>Cash and cash equivalents at the end of the year</b>                                |      | –       | –  |

## **Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

### **Notes to the financial statements for the year ended 31 March 2020**

#### **1. Accounting Policies**

##### **General Information**

Lea Castle JV LLP ('the LLP') is an LLP incorporated, and domiciled in England and Wales (Registered number: OC417276). The address of the registered office is 11 Tower view, Kings Hill, Kent, England, ME19 4UY.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the LLP operates. The amounts stated are denominated in thousands (£'000).

##### **Basis of preparation**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention unless stated otherwise. The LLP has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the EU, relevant to its operations and effective on 01 April 2018.

##### **(a) New standards, amendments and interpretations:**

New standards, amendments and interpretations that became mandatory for the first time for the financial year beginning 01 April 2019 are listed below.

- Amendments to IAS 1 and IAS 8 - definition of material
- Amendments to IFRS3 - definition of a business
- Amendments to IFRS 0, IAS 39, IFRS 7 - interest rate benchmark reform
- Revised conceptual framework for financial reporting
- IFRS 16 leases

IFRS 16 Leases is a new accounting standard that is effective for the year ended 31 March 2020 and has had no material impact on the LLP and therefore there is no transition impact to the opening balances. There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 March 2020 that have had a material impact on the LLP.

##### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the LLP will be able to meet its liabilities as they fall due.

The LLP believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the members.

##### **Critical accounting estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making

## **Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

### **Notes to the financial statements for the year ended 31 March 2020 (Continued)**

#### **1. Accounting Policies (continued)**

##### **Critical accounting estimates and judgments (continued)**

judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. There are no critical judgements in applying the entity's accounting policy.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

##### **(i) Estimation of costs to complete and loss provisions**

In order to determine the profit and loss that the LLP is able to recognise on its developments and in a specific period, the LLP has to allocate total costs of the developments between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation. However, the LLP has established internal controls to review and ensure the appropriateness of estimates made.

##### **Revenue and profit**

Revenue is recognised when the LLP transfers control of goods or services to customers. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Where consideration is subject to variability, the LLP estimates the amount receivable. Revenue recognised is constrained to the amount which is highly probable not to result in a significant reversal in future periods. The LLP's revenue relates to one class of business and is all generated in the UK.

Where a modification to an existing contract occurs, the LLP assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation.

Revenue is recognised as follows:

The LLP sells private housing units and associated land, inclusive of customer options, incentives and warranties. In most instances, the contract with the customer is assessed to only contain one performance obligation. Revenue from the sale of individual private housing units, net of incentives, is recognised at the point of legal completion. Contract consideration for private house sales may include part exchange properties at fair value. The onwards sale of part exchange properties is recognised as revenue, on legal completion.

Sales of land where title transfers prior to construction beginning (or at 'golden brick') are considered to be a distinct performance obligation. Revenue from land sales is recognised at a point in time, being the unconditional exchange of contracts or at 'golden brick', provided that the LLP does not retain legal title to the land.

Revenue from affordable housing development is recognised over time. Development of multiple units on the same site (inclusive of design and construction activities contracted for at the same time, and mobilisation activities) is considered to be a single performance obligation. Where a contract comprises units across multiple sites, typically each site will represent a distinct performance obligation. Revenue is accounted for on an over time basis. The amount of revenue recognised is calculated based on the output method.

##### **Finance income and cost**

Interest income and expense is recognised on a time proportion basis using the effective interest method.



## **Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

### **Notes to the financial statements for the year ended 31 March 2020 (Continued)**

#### **1. Accounting Policies (continued)**

##### **Dividends**

Final dividend distribution to the LLP's members is recognised as a liability in the LLP's financial statements in the year in which the dividends are approved by the LLP's members. Interim dividends are recognised when paid.

##### **Income tax**

LLP's are not subject to income tax. Any tax liabilities arising on profits made by the LLP are paid by its members.

##### **Inventories and developments**

Inventories are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development including direct costs and directly attributable overheads. To the extent that the LLP anticipates selling a development in its current state then net realisable value is taken as open market value at the balance sheet date less any anticipated selling costs.

##### **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The LLP applies the IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The LLP has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on historical payment profiles, adjusted to reflect the current and forward looking information.

##### **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the LLP's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

##### **Trade payables**

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective rate.

#### **2. Employees and members**

There were no employees during the year (2019: nil). The members did not receive any remuneration for their services during the year (2019: £nil).

**Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)**

Notes to the financial statements for the year ended 31 March 2020 (Continued)

**3. Finance costs**

|                                      | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------------------|---------------|---------------|
| Interest payable and similar charges |               |               |
| - to joint venture partners          | (14)          | -             |
| <b>Net finance cost</b>              | <b>(14)</b>   | <b>-</b>      |

**4. Operating loss**

The following items have been included in arriving at the loss on ordinary activities:

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Developments recognised as cost of sales | -             | -             |

**Services provided by the LLP's auditors**

During the year, the LLP obtained the following services from the LLP's auditors at costs as detailed below:

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Fees payable to the LLP's auditors for the audit of the financial statements | 7             | -             |

**5. Distribution to members**

There were 2 members during the year (2019: 2).

Profits are allocated in line with the proportion of limited liability partnerships that each member owns. There was no profit distribution in the year (2019: £nil).

The requirement for distributions is agreed with the members. This enables the limited liability partnership to make distributions to the members.

**6. Developments**

|                  | 2020<br>£'000 | 2019<br>£'000 |
|------------------|---------------|---------------|
| Land             | 1,799         | -             |
| Work in progress | 253           | -             |
|                  | <b>2,052</b>  | <b>-</b>      |

**7. Trade and other debtors**

|                                      | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------------------|---------------|---------------|
| Amounts falling due within one year: |               |               |
| Recoverable value-added tax          | 51            | -             |
|                                      | <b>51</b>     | <b>-</b>      |

## Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)

### Notes to the financial statements for the year ended 31 March 2020 (Continued)

#### 8. Trade and other payables

|                     | Note | 2020<br>£'000 | 2019<br>£'000 |
|---------------------|------|---------------|---------------|
| Accrued liabilities |      | 7             | –             |
|                     |      | 7             | –             |

Other payables are unsecured. Accruals and deferred income include £nil (2019: £nil) deferred income. There was no contract liability or deferred income as at 31 March 2020.

#### 9. Financial Instruments

The business and the execution of the LLP's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the LLP are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The members monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

##### Capital risk management

The LLP's objectives when managing capital are to safeguard the LLP's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

##### Financial risk factors

###### (a) Market risk

###### (i) Foreign exchange risk

All material activities of the LLP take place within the UK and consequently there is little direct exchange risk.

###### (ii) Price risk

The LLP is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence.

###### (iii) Interest rate risk

The LLP's income and operating cash flows are substantially independent of changes in market interest rates. The LLP's interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the LLP to cash flow interest rate risk.

###### (b) Credit risk

Credit risk arises from cash and cash equivalents, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The LLP has a credit risk exposure to the providers of its banking facilities. These are primarily provided by Barclays Bank plc and management does not expect any material losses from non-performance of any counter parties, including in respect of receivables not yet due.

## Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)

### Notes to the financial statements for the year ended 31 March 2020 (Continued)

#### 9. Financial Instruments (continued)

##### Financial risk factors (continued)

##### (c) Liquidity risk

In accordance with IFRS 9 'Financial instruments: recognition and measurement', the LLP has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

##### Fair value of financial instruments

The LLP's financial instruments comprise of cash and cash equivalents, trade and other receivables excluding prepayments, financial liabilities – borrowings, trade and other payables excluding deferred income, VAT and social security taxes. There is no difference between the book value and the fair value of the LLP's financial assets and financial liabilities.

#### 10. Non-current trade and other payables

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Amounts owed to joint venture partners | 2,117         | –             |
|  | 2,117         | –             |

Amounts owed to joint venture partners bear interest at 3.5% above Bank of England base rate and are secured against the LLP's developments.

Other creditors include Enil (2019: £nil) deferred income. There was no contract liability or deferred income as at 31 March 2020.

##### Changes in liabilities arising from financing activities:

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Balance at 01 April 2019                    |               |               |
| Current                                     | –             | –             |
| Non-current                                 | –             | –             |
|   | –             | –             |
| Increase in borrowings                      | 2,103         | –             |
| Interest on loan from joint venture members | 14            | –             |
| Balance at 31 March 2020                    | 2,117         | –             |
| Current                                     | –             | –             |
| Non-current                                 | 2,117         | –             |

## Lea Castle JV LLP (Formerly New Lane, Blidworth LLP)

Notes to the financial statements for the year ended 31 March 2020 (Continued)

### 11. Members' capital

|                     | £'000 |
|---------------------|-------|
| Subscribed capital  | -     |
| As at 01 April 2019 | -     |
| Capital subscribed  | -     |
| At 31 March 2020    | -     |

### 12. Related party transactions

At the end of the year, there was £2,102,898 (2019: £nil) loan payable due to both Vistry Linden Limited £1,044,327 (2019: £nil) and Citizen New Homes Limited £1,044,327 (2019: £nil). Loan interest payable of £14,244 (2019: £nil) was accrued at the year end, split equally between both JV Partners.

### 13. Guarantees and contingent liabilities

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The members make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the members believe that the resolution of all existing actions will not have a material adverse effect on the LLP's financial position.

### 14. Post balance sheet events

No matters have arisen since year end which require disclosure in the financial statements.

### 15. Controlling party

Lea Castle JV LLP is jointly owned by Vistry Linden Limited and Citizen New Homes Limited with both companies sharing equal control: